

## STANDARDIZED MILK PRICE CALCULATIONS for NOVEMBER 2011 deliveries

(for standardized milk (1) and based on payment systems of the companies; all prices in euro / 100kg)

Company		Quality adjustment	Quantity adjustment	Seasonal adjustment	MILK PRICE this month	Most recent supplementary payment	Rolling average last 12 month (4)
Milcobel	BE	0.73	1.37		<b>33.22</b>	0.42	<b>34.54</b>
Alois Müller	DE	0.51			<b>34.87</b>	0.23	<b>34.79</b>
Humana Milchunion eG	DE				<b>35.60</b>	-0.15	<b>33.82</b>
Nordmilch	DE		0.15		<b>35.16</b>	0.00	<b>33.72</b>
Arla Foods	DK	0.67			<b>33.66</b>	2.56	<b>36.15</b>
Hämeenlinnan Osuusmeijeri	FI				<b>40.87</b>	3.59	<b>43.89</b>
Bongrain CLE (Basse Normandie)	FR	0.74			<b>34.64</b>	none	<b>34.31</b>
Danone (Pas de Calais)	FR				<b>33.77</b>	none	<b>34.49</b>
Lactalis (Pays de la Loire)	FR				<b>33.50</b>	none	<b>34.14</b>
Sodiaal	FR	0.58			<b>33.63</b>	none	<b>34.16</b>
Dairy Crest (Davidstow)	GB	0.11	0.34	2.27	<b>35.79</b>	0.00	<b>31.43</b>
First Milk	GB	0.57	2.12		<b>32.81</b>	0.00	<b>28.45</b>
Glanbia	IE			5.34	<b>39.25</b>	0.00	<b>34.03</b>
Kerry	IE				<b>33.82</b>	none	<b>33.49</b>
Granarolo (North)	IT	1.15	3.42		<b>40.42</b>	none	<b>40.12</b>
DOC Kaas	NL	0.05	0.34		<b>35.83</b>	2.64	<b>37.23</b>
Friesland Campina	NL	0.05	0.75	2.45	<b>38.17</b>	1.84	<b>37.09</b>
<b>AVERAGE MILK PRICE THIS MONTH (2)</b>					<b>35,59</b>		<b>35,05</b>
Fonterra (5)	NZ				<b>29.45</b>	0.00	<b>31.81</b>
United States of America (3)	US	0.15			<b>34.67</b>	none	<b>31.98</b>

### Remarks:

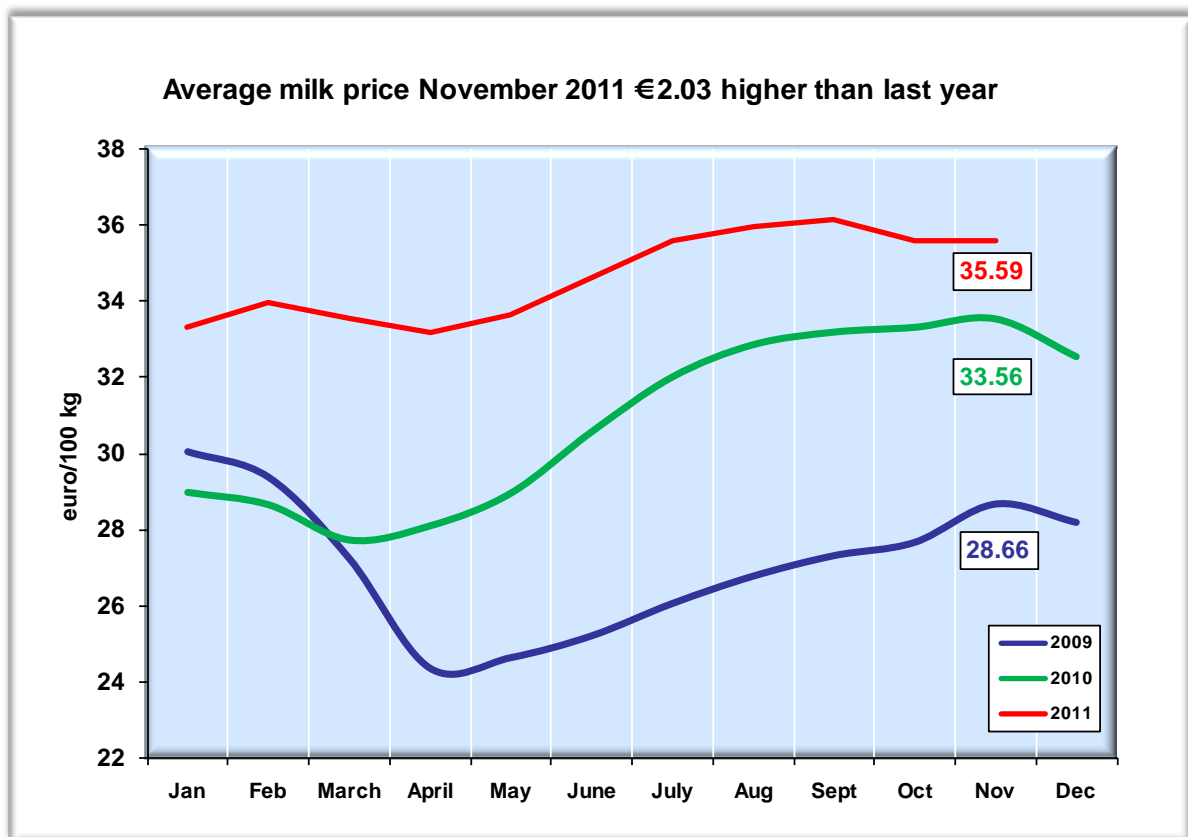
- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.  
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA announcement, adjusted for 4.2% fat, 3.4% protein and somatic cell count 249,999 per ml.
- (4) Including most recent supplementary payment.
- (5) Based on payout forecast, adjusted for 4.2% fat and 3.4% protein.

## ADDITIONAL REMARKS MILK PRICES NOVEMBER 2011

### MILK PRICES

The average calculated milk price for the November 2011 deliveries is € 35.59 per 100 kg standard milk. This is an increase of 6.1% compared to November 2010 (+ € 2.03).

Compared to October, the average milk price of November remained stable.



The calculated milk prices of the Finnish dairy Hameenlinnan Osuusmeijeri and the French dairies have decreased, because of seasonal adjustments.

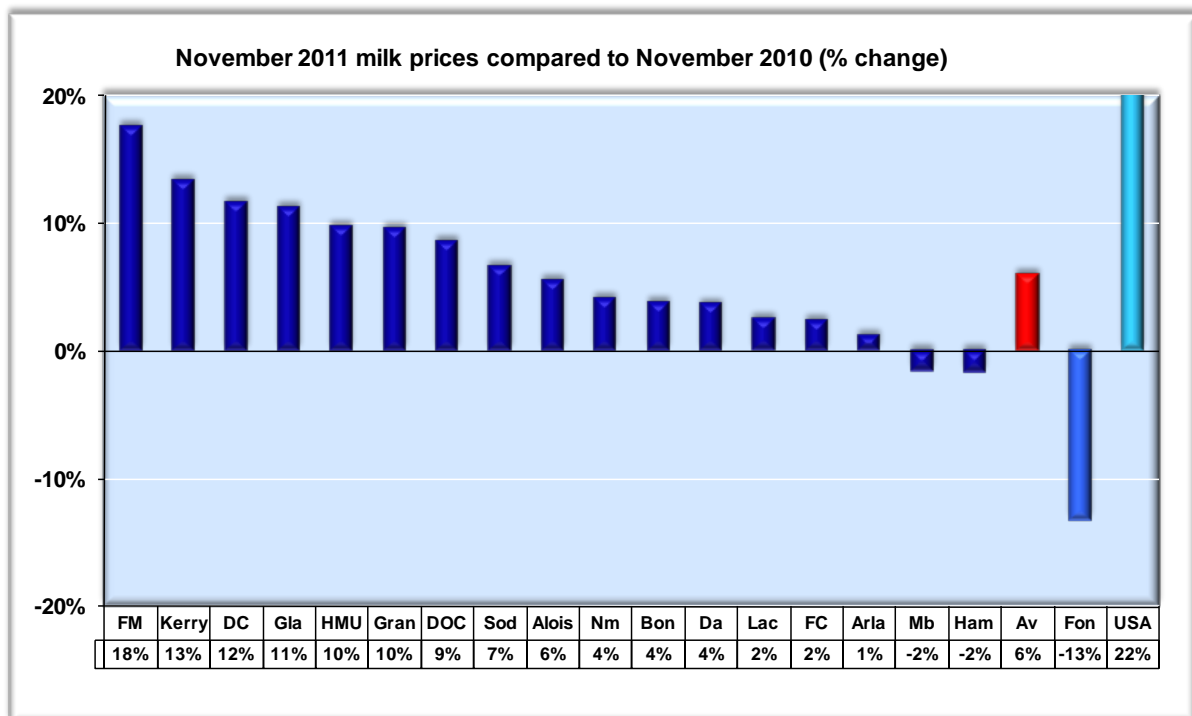
The German milk prices remained stable in November. Like in previous years, Humana Milchunion paid out a supplementary payment. Humana Milchunion paid €0.60 per 100 kg over the January – November period (last year €0.65). This payment has been taken into account retrospectively in the monthly calculated milk prices.

The British dairy Dairy Crest has increased its milk price by 0.7 pence per liter (=€ 1.20 per 100 kg standard milk) because of a higher basic milk price and an adjustment in quality bonuses.

FrieslandCampina has increased its milk price by €0.25, like it will in December. However, FrieslandCampina announced a decrease of € 1.00 in January 2012.

On basis of national recommendations, the French milk prices will increase by around €2.50 during the first quarter of 2012.

Fonterra has increased its milk price forecast for this season by NZD 0.20 per kg fat and protein. In December, the US Class III price has increased further from \$ 18.03 (November) to \$ 19.08 per cwt.



## Forecast milk price development

Now the milk prices have been calculated for November and some December milk prices have already been announced by some of the dairies, an estimate of the milk price development can be made for the year 2011.

Compared to 2010, the advance average milk price is expected to be 12% higher in 2011. Because of this milk price increase in the second year on row (in 2010 the increase was 15%), the average milk price will peak again after the low level of 2009. The cash average milk price of 2011 is nearly at the level of 2008. Depending on how high supplementary payments will be, the average definitive milk price of 2011 might win over the record year 2008.

The monthly advance average milk prices of all dairy companies have increased in 2011. Increase varied from around 8% (French dairies and Milcobel) up to almost 17% (DOC Kaas). Remarkable is that of all other dairy companies the percentage of increase is around the average, namely between 11% and 16%.

The calculated average milk prices of the German and British dairies have increased by 12% to 13% on average. The calculated milk prices of the Danish/Swedish dairy Arla Foods and the Finnish Hämeenlinnan Osuusmeijeri have both increased by around 13%. For Arla and Hämeenlinnan it has to be noted that, on a yearly basis, these coops have relatively high supplementary payments.

This is also the case for FrieslandCampina, as its advance milk price has increased by 14%.

The Irish dairies and the Italian dairy company Granarolo have increased their advance milk prices by 15-16% in 2011.

## **Milcobel**

The basic milk price of the Belgian dairy Milcobel remained stable in November, thus will remain at €33.22.

## **Germany**

The German milk prices remained stable in November. Like in previous years, Humana Milchunion paid out a supplementary payment. Humana Milchunion paid €0.60 per 100 kg over the January – November period (last year €0.65). This payment has been taken into account retrospectively in the monthly calculated milk prices.

## **Scandinavia**

In November, the milk price of the Danish/Swedish dairy Arla Foods remained stable. The calculated milk price is €33.66. In December the milk price will remain stable as well.

Because of seasonal adjustments, the calculated milk price of the Finnish dairy Hameenlinnan Osuusmeijeri decreased to €40.87.

## **France**

Also the milk prices of the French dairies have decreased, because of seasonal adjustments. Decrease varied from €-0.48 to €-1.00.

## **United Kingdom**

The British dairy Dairy Crest has increased its milk price by 0.7 pence per liter (=€1.20 per 100 kg standard milk) because of a higher basic milk price and an adjustment in quality bonuses.

The milk price of First Milk has remained stable. Because of an increase in the exchange rate of the British Pound, the calculated milk price has increased slightly to €33.00.

## **Ireland**

The provisional calculated milk price of Glanbia for November is €39.25. This includes a winter bonus of €5.50.

The milk price of Kerry remained stable in November.

## **The Netherlands**

FrieslandCampina has increased its milk price by €0.25, like it will in December. However, FrieslandCampina announced a decrease of €1.00 in January 2012.

DOC Kaas kept its milk price stable in November and December. The calculated milk price for November is €35.83.

## **Granarolo**

The calculated milk price of Granarolo for November is €40.42.

## **New Zealand**

Fonterra has increased its milk price forecast for this season by NZD 0.20 per kg fat and protein. Expressed in Euros the calculated milk price is €29.45.

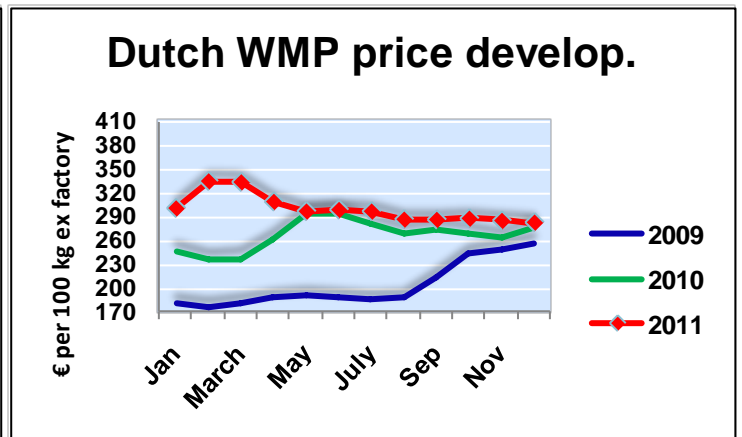
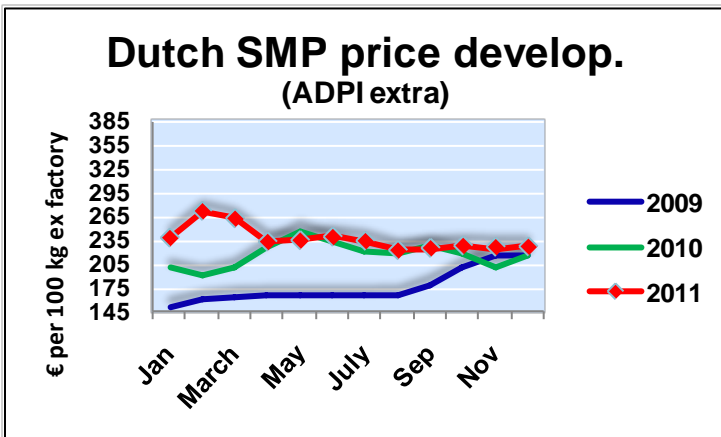
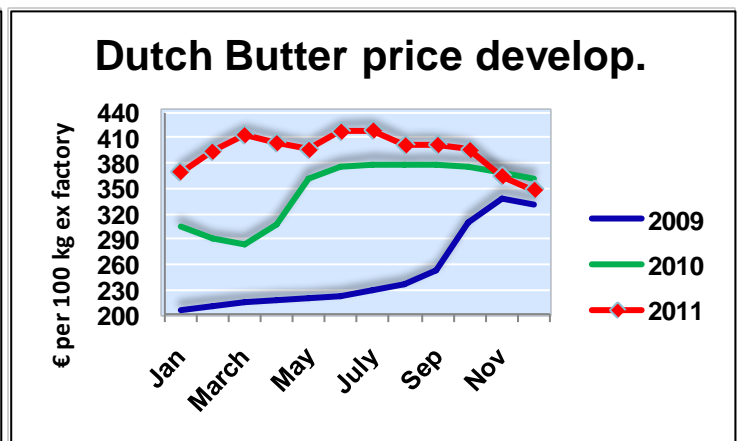
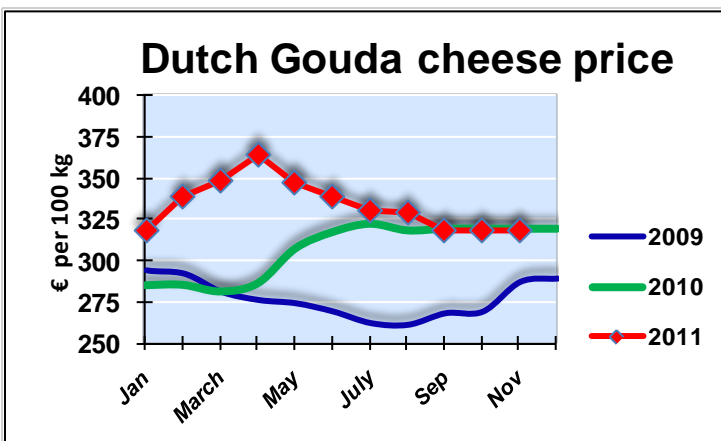
## **USA**

In December, the US Class III price has increased further from \$18.03 (November) to \$19.08 per cwt.

Expressed in Euros, the calculated milk price for November is €34.67 per 100 kg standard milk.

## MARKET SITUATION

Dutch Quotations				€ per 100 kg
	4 January 2011	28 December 2011	index	trend
Butter	346	346	100.0	→
Whole milk powder	283	283	100.0	→
Skimmed milk powder	229	229	100.0	→
Whey powder	98	94	104.3	↑
Gouda cheese	± 320	± 320	100.0	→



## Market comments

Milk production in the EU-27 for the period January-October of 2011 was 2.1% higher compared to same period last year. Volume of milk amounted up to around 2.4 million tonnes milk. The increase in milk output however, is slowing down. This slow down is mainly because of the developments in France and Ireland, as the extra production within the quatum has been utilised almost entirely and overdrawn respectively.

The anxiety that the continuous financial and economical turmoil will put sales perspectives on the dairy market under pressure has led to an uncertain sentiment. The market thus remains cautious and awaiting. Prices showed a mixed picture during the last quarter of 2011. Milk powder showed a further stable picture, while butter could not retain its high price level of last summer.

In general, the market remained quite stable towards the end of 2011. Stocks are kept low. The most important question is whether demand can keep up with the relatively high global growth in milk production. Demand in dairy products from China and Russia fell back in the second half of 2011. Due to continuous strong demand from other import regions like South East Asia and the Middle East, this loss was compensated and thus the market remained stable.

Growth in milk production in Oceania, Europe and the US might become a leading factor for price levels in 2012. Because of lower domestic demand in the last two mentioned regions, there will be more milk available for exports.